Cameras at ATMs Serve Double Duty

Some function as crime deterrents, others help apprehend the criminals.

By LISABETH WEINER

SOME say one picture is worth a thousand words. But in the case of a Cleveland serial rapist, one picture turned out to be worth about 1,055 years – in jail.

And the picture that provided the clue that led to the capture, arrest and conviction of this man came from a surveillance camera at a teller machine.

A number of crimes have been solved with the cameras that record ATM transactions. In Dayton, Ohio, a transaction camera was helpful in tracking a rapist. On the other side of the coin, if a camera had been in place in 1987 at First Atlanta bank, it could have helped capture a kidnapper and killer who brought his victim to an ATM to withdraw cash.

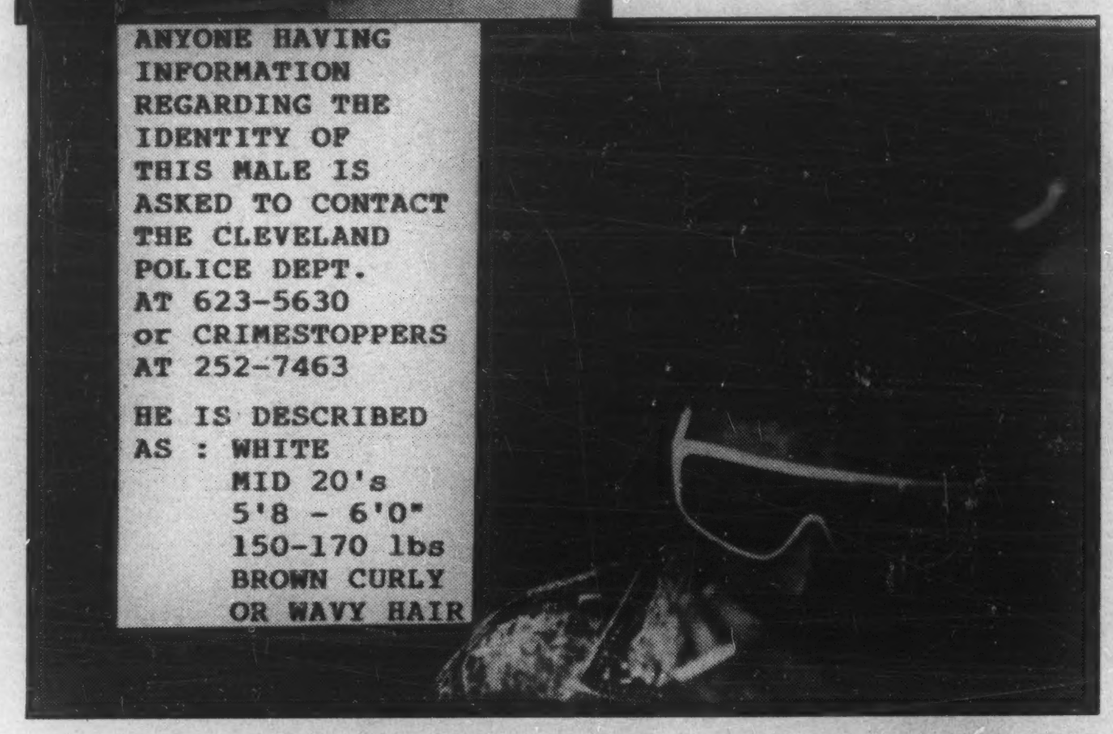
Banks are not required to have cameras at their ATM sites. But banks' responsibilities concerning the processing of what is recorded and their role in law enforcement are under increasing scrutiny. In fact, some say cameras are vital. One group of bankers is lobbying the Pulse network to raise interchange fees for sites without cameras.

But like many issues facing banks, the use of cameras for security purposes must be measured in terms of cost. Transaction and surveillance cameras can cost between $300 and $1,200, says Paul Feaser, manager of product management and marketing for Diebold Inc. of Canton, Ohio, which sells ATMs and security devices. Other estimates put the cost as high as $6,000.

Cost Is a Determinant

Many banks think the best way to deal with the problem is just to educate their customers about ATM safety. In the meantime, banks must determine where the cost of these cameras can be justified.

Boris Melnikoff of First Atlanta Bank and a spokesman for the American Bankers Association on ATM security, says at best the camera should be viewed not as a deterrent to crime but as an apprehension device.



A TRANSACTION CAMERA provided the first photograph (left) of the suspect in a series of rapes in Cleveland. But one taken later (below) by a surveillance camera proved the key to his apprehension.

Robert Dunn, who heads investigations at Ameritrust, says, "It's like anything else. A lot of times something just sits there until it's needed. And then it's very helpful."

In the Cleveland rape case, the camera was key.

For four years, 28-year-old Ronnie Shelton, a Cleveland-area resident, had been terrorizing the women of the city on Lake Erie. He broke into their homes at night and raped them.

When he first began his spree, he took any money that was available. But during the last year of his rampage, he began taking his victims' ATM cards and personal identification numbers.

Because the ATMs were such an integral part of the crimes, the Cleveland police department was able to determine the pattern to his crime.

"He really understood how to use ATMs. There were no false starts. He knew how to ask for a balance inquiry so he never overdrew the account or did anything to create suspicion," one police officer familiar with the investigation says.

And the more the rapist used the ATMs, the more proficient he got.

For instance at one point the transaction camera at an ATM he used snapped his picture.

"He was wearing a pair of sunglasses that were very large and distinctive. It was a good picture – a very narrow, very tight focus of his head and shoulders. So we distributed that to crimestoppers and his picture appeared on TV," the police officer says.

But the next time the rapist spotted a transaction camera at an ATM, he hid his face behind a newspaper.

At one point he used one machine twice. Cooperating with the police, the owner of the ATM, National City Bank, put a surveillance camera at the facility in case he decided to come back for a third time. He did not.

During all of this, the Cleveland police department learned a lot about ATMs.

First they learned that security measures are entirely discretionary and that security cameras can take many forms. In addition to being either surveillance or transaction cameras, they can be continuous or the kind that take pictures at intervals. Some cameras are obvious, designed to serve as a deterrent to crime, while others are hidden.

Cameras Are Varied

Transaction cameras are most useful in tracking down fraudulent use of the ATM. Surveillance cameras may be most helpful in areas that have problems with crime or are perceived as being unsafe.

It was a surveillance camera that helped capture Mr. Shelton.

Last October, Mr. Shelton committed a rape in early morning. At about 5 a.m., he took the bank card from his victim and drove to a nearby shopping center to use the ATM at First Federal of Lakewood, Ohio.

Unknown to him, a surveillance camera, one that scanned the outside of the facility taking pictures intermittently, photographed his car as he parked it on the street. It photographed him as he walked into the ATM lobby. Mr. Shelton put a newspaper over his face while he conducted the transaction. But the surveillance camera caught shots of the passenger side of the car as he backed into the parking lot and drove away.

The police made the connection between the pictures and the assailant based on the time of the rape and the time the victim's account was activated.

Mr. Dunn, who heads investigations at Ameritrust where the rape victim had her account, says "Several weeks after the pictures were taken, an off-duty supervisor spotted the car and got the license number. He was captured shortly after that." The rapist was convicted and is now serving a long prison sentence. ■

Are Automated Tellers Also Automatic Threats?

► Continued from Page 11

groups prefer to call an 'incident'), some bankers are playing down the impact it could have on customers. A lack of reliable statistics also makes it hard for critics to prove their fears are not just a reaction to the latest headline.

"We are always concerned about our customers' well-being, but to date we have not had any problems in this area," says John R. Hawken, director of security for Boatmen's Bancshares Inc., a $15 billion-asset bank in St. Louis. "We have had no indication that customers are worried about using ATMs."

Trade groups also try to deemphasize the frequency of ATM crimes.

"The number of incidents reported is not even a percentage point when compared with the number of transactions," says Mr. Hodges.

"People walking into a bank branch stand a better chance of witnessing a robbery than they do witnessing one at an ATM."

But, says Mary Beth Resin, assistant vice president and director of loss prevention for AmeriTrust, Cleveland, "The issue is there. It's not being ignored by any means, [but] I think what is happening is that a few incidents are getting an awful lot of attention."

One incident that generated an enormous amount of notice, and one that spurred bankers to take a closer look at security, and their liability in case of an attack, happened in Illinois last June.

A 24-year-old Chicago woman was accosted in her apartment building and forced to withdraw $400 from a Cash Station ATM before she was shot in the head. The woman, Dana Feitler, died several weeks later from the wound. Two other Cash Station users brought a class action against the network and its member banks. The suit has not been resolved.

In mid-November, a General Motors executive and his wife were murdered in suburban Detroit after they were abducted and forced to withdraw cash from an ATM.

Such violent crimes, following or preceding robberies, appear to be increasing.

In January, *The Nilson Report*, a credit card newsletter, predicted that 1,531 violent crimes – murders, muggings, robberies, rapes – related to use of ATMs would occur in the United States this year. That is an average of 4.2 crimes daily and one for every 45 machines.

At that rate, Bank of America, which owns the most ATMs, would average one violent crime every 10 days, and Wells Fargo and Citibank one every two weeks, not including crimes against service personnel, according to *The Nilson Report*.

"ATM crime on a national scale can be estimated in advance with the same degree of accuracy as the number of traffic accidents over a holiday weekend," the newsletter concluded in January.

ATM crimes can be estimated with similar accuracy with a system developed by Cap Index. The company, based in King of Prussia, Pa., uses a mathematical model based on Census Bureau information and criminal justice data to predict the vulnerability of specific ATMs to criminal activity.

The index assesses the probability of homicide, rape, robbery, assault, burglary, larceny, and auto theft per installation.

"What we've done is taken a mathematical model and predict where violent crime is likely to occur, and it's highly accurate," says Frederick A. Bornhofen, vice president and general manager of Cap Index. "We actually developed it for convenience stores."

Cap Index has been hired by Northern Trust Bank, Chicago; First City Bancorporation of Texas, Houston; AmeriTrust Co., Cleveland; and First Bank, Minneapolis, to evaluate their security systems, including branch and ATM vulnerability to crimes.

An ATM's location seems to be closely related to the amount of crime. Two weeks before Ms. Feitler was shot, Cap Index assigned a nearby ATM the highest risk rating possible.

"We rated an ATM for Northern Trust in Chicago about a block away from where the incident occurred," recalls Mr. Bornhofen. "It had the highest rating number we had seen – 1,500 – so we remembered it."

The system is only a year old, and banks using it say it is one of many factors used to determine the safety of a branch or an ATM location.

Although violent crimes have grabbed most of the headlines, they are just one of bankers' safety concerns. Fraud and stolen data, not crimes, account for banks' largest losses from ATMs.

The Bank Administration Institute reported that in 1986 $40 million was lost through fraud, and 90% of that was through customer fraud.

As technological expertise becomes more common, criminals become more sophisticated and seek larger sums, according to consultants. ■

American Banker
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ATM Anti-Fraud Measures Evolving

Operators surveyed on thefts' detection, claims processing, and prosecution.

By MARJOLIJN VAN DER VELDE
Bank Administration Institute
Rolling Meadows, Ill.

AUTOMATED teller machine fraud is a concern of all operators, regardless of asset size, geographic location, or size of the ATM base.

To determine how financial institutions manage ATM fraud, Bank Administration Institute did a nationwide research study of bankers' policies to detect and report fraud, practices in fraud claim processing, and relationship with legal authorities.

A total of 1,219 financial institutions responded to the survey, providing information on calendar year 1988. This research updates and expands on information gathered in the institute's first study, in 1987, which was based on 1986 data.

Financial institutions participating in the most recent research had an installed base of 16,502 ATMs; they had issued 22,607,700 validated ATM cards and 4,935,800 ATM-usable credit cards. Monthly volume per ATM averaged 5,794 transactions.

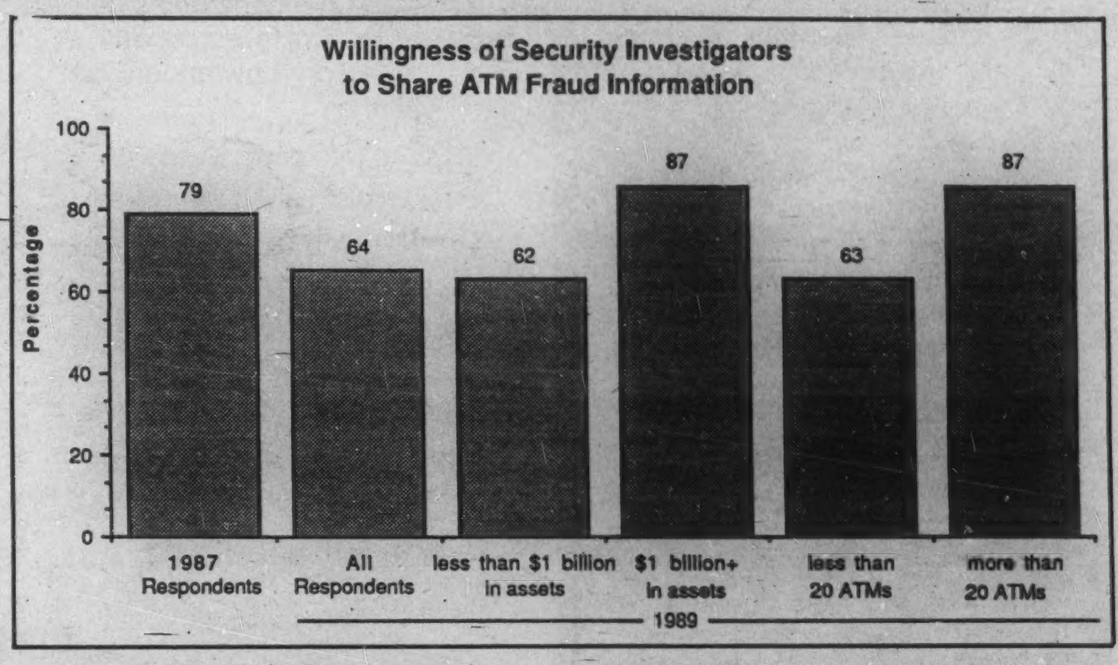
The research indicated the average financial institution had 62 cases of ATM fraud in 1988 for a total loss per institution of $5,556. One case of fraud was reported for every 28,070 ATM transactions.

Detecting and Reporting Fraud

The proportion of financial institutions that routinely review usage reports to detect suspect activity rose from 54% in the 1987 survey to 60% in 1989. Using kiting reports is the more favored method to detect ATM fraud.

In 1986, ATM deposits were routinely mentioned in kiting reports at 52% of the participating organizations. That percentage increased to 64% in the 1989 survey.

Asset size or numbers of installed ATMs clearly are factors in whether kiting reports are used. Financial organizations with $1 billion or more in assets and ATM operators with 100 or more machines reported the greatest usage rates. This would indicate budgets and staffing levels can affect use of this fraud management technique.



"Hot carding" an ATM card after a report that it has been lost or stolen is a nearly universal practice; 98% of the sample indicated they do this. Of the 29 financial institutions that did not "hot card," 19 had fewer than 5 ATMs; one reported a base of more than 100 ATMs.

The willingness of security investigators to share information in their geographic areas was one of the more informal techniques financial institutions used to deter fraud.

Surprisingly, the percentage of organizations sharing data declined. In the 1987 survey, 79% stated that they shared data, but only 64% did so according to the 1989 survey.

Asset size and number of ATMs were factors. Among financial institutions with assets of $1 billion or more and those with more than 20 ATMs, 87% shared information. Just 62% of the organizations with less than $1 billion in assets and 63% of those with fewer than 20 ATMs shared data.

Claim Processing

Financial institutions can use a number of techniques during claim processing to decrease ATM fraud. Among these are requiring the customer to sign an affidavit, reminding customers of penalties for false claims, and referring intentionally false claims for criminal prosecution.

Requiring customers to sign an affidavit claiming unauthorized ATM use has been, and continues to be, the most common technique used by financial institutions.

However, the level of use in 1989 (74%) was lower than that reported in 1987 (86%). Only financial organizations with 100 or more ATMs used affidavits with a frequency to match the 1987 rate of 86%. This group of ATM operators also had the highest reported rate of fraud, an average of 375 cases and a loss of $61,265 per institution.

While reminding customers of the criminal penalties for false claims was the second-most-used technique in both 1987 and 1989, the industry average fell slightly, from 68% in 1987 to 64% in 1989.

Referring customers for criminal prosecution if they intentionally make false claims was done by 71% of the respondents. Bankers also indicated they have developed strict codes of ethics for employees in claims processing – 89% stated they would refer employees suspected of misappropriating bank funds for criminal prosecution. Financial institutions with assets under $100 million were the most likely to follow this practice (90%) and organizations with $550 million to $999 million, the least likely.

State and Federal Prosecution

The relationship of a financial institution with law enforcement agencies is the final link in the industry's effort to control ATM fraud losses. A strong working relationship can enhance a financial organization's entire fraud program.

Over the past two years, the degree of cooperation survey respondents received from the local prosecuting attorney's office has met with mixed results.

While 47% in the 1989 survey reported "excellent" or "good" cooperation in ATM fraud cases they refer for prosecution – up from 39% in 1987 – the percentage of financial institutions calling the level of cooperation "fair" or "poor" also increased. The highest satisfaction ratings came from financial institutions with 50 to 99 ATMs: 45% rated the degree of cooperation with the local prosecuting attorney's office as excellent.

Bankers were also asked whether the prosecuting attorney's office required certain pieces of evidence in order to prosecute an individual in an ATM fraud case. A minimum of four pieces of evidence was most likely to be required for either state or federal prosecution. They are:

- An affidavit signed by the customer.
- ATM transaction log.
- Picture of the accused individual from a camera.
- Audit tape from the ATM.

A minimum dollar threshold was required by 24% of the state prosecuting attorneys (minimum loss of $1,500) and 31% of the federal prosecuting attorneys (minimum loss of $5,100).

Recommendations

Internal procedures to detect and report fraud are often the first line of defense.

In too many financial institutions, ATM fraud policies are established in a vacuum; they are set by only one unit in the organization. Whether the functional unit is ATM operations, security, or branch management, to name a few, this approach is short-sighted.

To be most effective, these policies should be established in a process involving all concerned parties – ATM operations, security, auditing, retail banking, and marketing.

Once general policies have been adopted, internal procedures must be developed to ensure prompt handling of any situation that falls within the guidelines. Efficient claims processing and an effective working relationship with local, state, and federal prosecutors are critical to enforcing fraud policies.

Financial organizations should take the following steps to manage their anti-fraud efforts effectively:

- 1. Determine which internal reports have the best information for detecting fraud and use them routinely.
- 2. Strengthen communications with security officers at other financial institutions in the marketplace.
- 3. Examine ATM claims-processing procedures to ensure that proper controls exist.
- 4. Be proactive in communications with law enforcement agencies.
- 5. Determine evidence and dollar amounts required by each agency for ATM fraud prosecution.

As with most issues facing the industry, no magic solution exists to ATM fraud. But a financial institution must be proactive in its approach, proactive in developing and managing the necessary information systems, proactive in maintaining staff to carry out the required policies, and proactive in improving communications with other financial institutions and law enforcement agencies.

Those who consider ATM fraud "the cost of doing business" will find that their "costs" only increase. ■

Editor's Note: This article is based on the Bank Administration Institute's new research report on ATM security, which will be released at the institute's Retail Delivery Systems Conference in New Orleans today.

How to Minimize the Danger

1. Minimize barriers – including shrubbery, landscaping, tinted glass, curtains or blinds, and signage – that block visual access to the ATM from the nearest sidewalk, street, or pedestrian walkway.

2. Establish and maintain minimum lighting standards for ATMs, and the nearest parking areas and pathways. These areas must be monitored regularly for burned-out bulbs or other changing conditions.

3. Consider the uniform use of wide-angle transaction cameras, continuous-operation transaction or surveillance cameras, and installation of a camera inside the ATM service area, with remote monitoring and recording.

4. Consider having both regular-hours and after-hours ATM servicing and replenishment (especially off-site) done by two-person service teams.

5. ATM servicing policies, including robbery policies, should be in writing. ATM service teams should receive preservice and periodic in-service training on ATM security issues, policies, and practices.

6. Consider equipping bank ATM service teams with portable two-way radios and/or other alarm devices, and/or using appropriately-trained and equipped third-party servicers.

7. Reports of ATM service team-related crime must be thoroughly documented and tracked by a central person or office in each financial institution. Reports of serious incidents and corrective actions also should be directed to corporate legal counsel. Share information between bank branches in the same city or region, and among bank security officers and local law-enforcement agencies.

And Tell Your Customers:

8. Never write a personal identification number on the back of the ATM card. One recent survey revealed that 25% of all customers make this mistake.

9. Don't write the PIN on a piece of paper and then tuck it into a wallet or purse. A purse snatcher can figure out what the number stands for and use it.

10. When selecting a PIN, stay away from birthday and anniversary dates. Most card thefts are committed by people known to the cardholder.

11. Especially when in a rush, remember to take the ATM card out of the machine. About 30% of all customers leave the card in the slot, making it easy for the next person to gain access to their accounts.

12. Don't leave a wallet or purse in an unlocked gym locker.

13. Never leave an ATM card in an unlocked car or in a purse on top of or underneath a desk at work. Don't leave the purse unattended in a restaurant either.

14. When a family member is admitted to a hospital or nursing home, make sure to take his or her ATM cards and put them in a safe place. Many of the ATM card losses reported involved cards stolen from patients. □

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ATM Crime Is Down In Past Two Years, Trade Group Finds

By YVETTE D. KANTROW

NEW ORLEANS — Despite growing public concern about crimes at automated teller machines, a Bank Administration Institute study shows that the number of ATM-related crimes has dramatically decreased over the past two years.

But institute executives and other observers of the electronic funds transfer scene say the results do not mean ATM users are safer today than they were two years ago.

According to the study, crimes were committed against ATM users last year at the rate of one for every 9.9 million transactions. That is a dramatic decrease from 1986, when a violent crime occurred once for every 3.5 million transactions.

Projecting these statistics nationwide using transaction figures reported in *Bank Network News*, a Chicago-based newsletter, 455 ATM-related crimes were committed in 1988, less than half the 1,029 incidents in 1986.

The trend runs counter to the popular perception that users of ATMs are increasingly at risk of being mugged, robbed, or worse, particularly after banking hours or in remote locations. In one particularly violent incident this year, a woman in Chicago was abducted, forced to remove money from an ATM, and then killed.

"You can't assume that ATM crime has gone down but clearly it is not as bad as it has appeared to be," said David Van L. Taylor, a group executive at the Rolling Meadows, Ill.-based trade group. "We can't prove it but we know there are pockets of problems out there."

Similar sentiments were expressed by David Robertson, research director for *The Nilson Report*, a Los Angeles-

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Secrecy Act Penalties

Biggest fines paid by banks
(In thousands of dollars)

	Year	Amount
Bank of America	1986	$4,750
Crocker Bank	1985	2,250
Texas Commerce	1986	1,900
Seattle First National	1985	697
Security Pacific	1986	605
MBank	1986	600
Bank Leumi	1989	**533**

Source: Treasury Department

Bank Leumi to Pay $533,000 for Role In Cash Laundering

By REBECCA COX

NEW YORK — Bank Leumi Trust Co., New York, has been assessed $533,000 in civil and criminal penalties for failing to file currency transaction reports on a customer allegedly engaged in a $9.5 million money-laundering scheme.

The total – $291,000 for civil violations of the Bank Secrecy Act and $242,000 for criminal misdemeanors – is among the largest ever paid in a case involving faulty reporting of cash transactions of more than $10,000.

The bank pleaded guilty Wednesday to the criminal charges, agreeing to pay the maximum fine on 242 federal misdemeanors related to the civil violation. The guilty plea was entered before Judge Joseph M. McLaughlin in U.S. District Court for the Eastern District of New York in Brooklyn.

Bank Leumi, a $3 billion-deposit subsidiary of an Israeli bank, is the latest to feel a crackdown by the Treasury Department on banks that have failed to comply with reporting requirements on large currency transactions. The

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FDIC Warns of Higher Losses From Real Estate in 4th Quarter

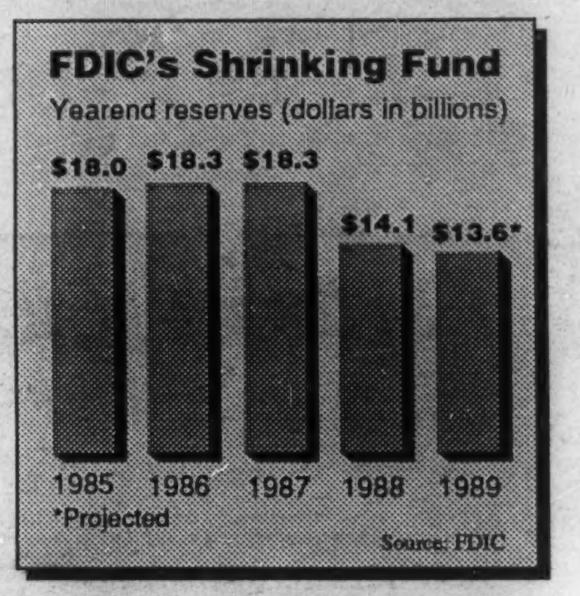
Industry Posted $744 Million Net Deficit in 3d Period

By ROBERT TRIGAUX

WASHINGTON – Huge loan-loss provisions led to a whopping third-quarter loss of $744 million by the banking industry, the Federal Deposit Insurance Corp. reported Wednesday. But while bank earnings are expected to recover by yearend, the industry's heavy reliance on real estate lending to fuel asset growth will continue to cut profits, the agency warned.

Meanwhile, the FDIC said that its bank insurance fund would decline by between $250 million and $500 million this year, the second consecutive year that the cost of resolving bank failures will have exceeded revenues from premiums and investment earnings.

In 1988, the FDIC fund lost more than $4 billion. L. William Seidman, the agency's chairman, predicted that the fund's reserves would increase next year.



Mr. Seidman also said the number of banks on the FDIC's "problem" list declined by 19%, to 1,134. And he predicted that bank failures would decrease next year. Since January, 192

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More Thrifts Challenge Capital Rules

By JIM McTAGUE

WASHINGTON — More thrifts are mounting court challenges against the tougher capital standards that take effect today.

For many, it's a life-or-death decision. Right off the bat, the rules could sink about 200 institutions and curb the activities of 600 more while they struggle to comply.

Some experts claim that, ultimately, the rules will kill the industry they are designed to save.

Three thrifts are asking judges to let them count regulatory goodwill and cumulative preferred stock as capital. Congress excluded those items, effective today, when it passed the thrift-bailout law last August.

The government had allowed special treatment for both regulatory goodwill and preferred stock to encourage healthy S&Ls to buy sick ones. The buyers are now accusing Uncle Sam of a "bait and switch."

Northeast Savings, Hartford, Conn., sued Tuesday in U.S. District Court for the District of Columbia. The $5 billion-asset thrift, with $210 million in goodwill, barely meets the new 1.5% tangible capital requirement after excluding goodwill and cumulative pre-

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Today

Andrew C. "Skip" Hove Jr., a Nebraska banker, has emerged as a leading candidate for the FDIC board. ____ 3

Bankers Trust New York Corp. raised its investment banking business to a new level in arranging the sale of 54 branches by Meritor Savings Bank. 2

The FDIC gave undercapitalized institutions two extra months to give up their dependence on brokered deposits. ____ 2

Timothy Hartman's success as chairman of NCNB Texas National Bank will depend as much on his people skills as on his mastery of ledger sheets. ____ 2

Prodigy signed a pact with Nynex to establish data bases in New York and New England. ____ 2

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COMMENT

Banks Shoulder Too Much of LDC Burden

By MATTHEW W. BARRETT
President and CEO
Bank of Montreal

THE world debt challenge is not a simple bank-loan recovery matter. It is an economic development problem that has threatened the global economy for more than seven years and continues to do so.

Only governments can take the leadership role on which a fair and lasting solution depends. All parties concerned – debtors, banks, governments, and official creditor agencies, including the International Monetary Fund and the World Bank – must cooperate equitably. Such an approach can ensure the prosperity that will allow us all to grow our way out of the debt crisis.

The Bank of Montreal set aside a total of $1 billion against possible losses on lesser-developed-country debt during the 1989 fiscal year because it recognized that this kind of cooperation was absent.

Many developing countries have not serviced their foreign debts in full since 1982. Consequently, the developing world has faced a serious shortage of much needed foreign investment. There is no doubt that the debtor countries are suffering, but their problems cannot be alleviated by commercial banks alone. Should anyone be surprised that lenders are reluctant to risk new money when old money, or even the interest on it, still has not been repaid?

While banks' balance sheets have been significantly strengthened over the past few years, LDC indebtedness keeps banks under a heavy strain, one

> 'Should anyone be surprised that lenders are reluctant to risk new money when old money, or even the interest on it, still has not been repaid?'

out of proportion to their share of the loans at risk.

Besides loan-loss provisions, this strain includes the new money that banks made available to lesser-developed countries under the Baker plan of 1985-88. Although the benefits were diffused widely through the international economy, the costs and risks were wholly borne by the banks and their shareholders.

Declining flows of aid and finance from official sources have exacerbated the disproportionate burden forced on the banks. It is estimated that at the end of 1988 banks held only 58% of the debt of the 15 most indebted middle-income countries such as Brazil and Mexico.

This is an unfair and dangerous sharing of the debt burden. Responsibility ought to be apportioned more equitably across the international financial system and ultimately managed by governments.

The idea that the LDC debt crisis can be solved solely by commercial banks may be convenient for many parties to the crisis, but it is fundamentally mistaken. Governments, and especially the Group of Seven (which includes Canada), have an inescapable leadership role as regulators, as major creditors themselves, and as de facto trustees for the world economy.

The most recent endeavor to address this problem appeared to take these realities into account. The so-called Brady plan put forth by the United States offered a complex package of options intended to reduce debt repayments and finance the economic recovery of developing nations.

Commercial banks generally welcomed Treasury Secretary Nicholas Brady's proposals as an overdue show of leadership by the Group of Seven

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The Lobbyists

By Barbara A. Rehm

One Bank Group In Kansas Votes To Open Borders

The **Kansas Bankers Association** voted for the first time on Nov. 29 to back an interstate banking bill in the state legislature. Kansas is renowned for its resistance to opening its borders to out-of-state banks.

Although the KBA vote was unanimous, there is no guarantee that its membership will back the position.

Francis Carr

Francis E. Carr, chairman of the association's governing council, explains that a stance in favor of interstate banking was finally adopted after several surveys of members. He said the most recent poll was the impetus for the change as a majority of the members endorsed it.

"I hope we can present a unified front on this thing," says Mr. Carr.

That's unlikely since the **Kansas Independent Bankers Association** continues its traditional stance of neutrality.

"We were disappointed to see a change in policy," says **Michael D. Fahrbach,** president of the independent bankers. "The membership poll showed only 54% of the bankers favored interstate banking. We didn't feel that was a significant enough mandate for our association to change its position."

Mr. Fahrbach, also a KBA member, is president of Haven State Bank.

Mr. Carr explains that KBA's support is conditioned on state lawmakers' agreeing that any opening of the state's borders to out-of-state banking companies would not occur before July 1, 1992.

"We want to give bankers time to adapt," says Mr. Carr, who is also chairman and president of the First National Bank in Wellington.

Dean Witter Names Director To Lead Restructuring Fight

Kelly McNamara has been named director of federal government affairs for **Dean Witter Financial Services Group.** Ms. McNamara is a seven-year veteran of the governmental affairs office of Sears, Roebuck and Co., Dean Witter's parent.

As the group's senior lobbyist, Ms. McNamara will be on the front lines when the battle over financial industry restructuring begins next year. Ms. McNamara says she is optimistic about the odds for passage of a bill, strongly supported by Sears, that would permit all types of companies to own banks.

Ms. McNamara, 29, received a law degree from George Mason University in 1982. **Robert M. Garsson**

Independents in Holy War To Keep Deposit Insurance

In a lobbying coup, the **Independent Bankers Association of America** made a sweep of the bank regulatory agencies last week, pounding home the message that deposit insurance is sacred.

The IBAA executive committee, led by association president **O. Jay Tomson,** met with six of seven Federal Reserve Board members, including Chairman **Alan Greenspan,** and with **L. William Seidman,** chairman of the Federal Deposit Insurance Corp., and **Robert L. Clarke,** comptroller of the currency.

The independent bankers are concerned that national regulators are getting only the big-city bankers' perspective on issues, particularly deposit insurance.

Kenneth A. Guenther, the IBAA's executive vice president, set up the meetings with regulators to counter proposals by money-center and regional bankers to cut back deposit insurance.

IBAA leaders explained to the regulators the results of a recently concluded study of consumer attitudes about deposit insurance. The IBAA-commissioned study by Market Facts Inc., Chicago, found that depositors would shift their funds to larger institutions if the current $100,000 insurance cap were reduced.

While preserving deposit insurance is the IBAA's No. 1 lobbying goal right now, Mr. Tomson and his crew also pressed the regulators on ag-lending issues, chartering policies, and thrift sales by the Resolution Trust Corp.

ABA Loses Farm Lobbyist To an Agriculture Agency

Rusty Jesser is leaving the **American Bankers Association** after five years of lobbying the House and Senate agriculture committees to take a top spot at the **U.S. Department of Agriculture.**

Mr. Jesser expects to start his new job as the assistant administrator at the **Agricultural Marketing Service** in January. The ABA plans to replace Mr. Jesser with two people as the group returns to its traditional practice of assigning a lobbyist to both the House and Senate ag panels. The new House Agriculture Committee lobbyist is **Josh Tenuta,** who was a lobbyist for the National Rural Electric Cooperative Association. The ABA is on the verge of hiring a lobbyist for the Senate.

Rusty Jesser

Mr. Jesser's expertise on ag issues is a big loss to the ABA, especially in light of **Weldon V. Barton's** recent departure from the Independent Bankers Association of America. Mr. Barton left the group in October after a decade of lobbying on agriculture issues. ■

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